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--14 (New) The method of claim 1 wherein said relationship is controlled by select parameters that are adjustable based on convergence criteria.--

REMARKS

The foregoing amendments are in response to the Office Action dated September 17, 2002. In the subject Office Action, claim 1 was rejected on alleged obviousness grounds in view of U.S. Patent No.6,012,042 to Black, et al. ("Black") taken further in view of U.S. Patent No. 4,414,629 to Waite ("Waite").

Applicants have closely considered both references and respectfully traverse the rejection. These references do not disclose the inventive features of the present invention and cannot be properly combined to create the subject invention.

Please consider the following comments in support of applicants' inventive contribution.

First, briefly in overview, the present invention is directed to enhancing the process by which technical predictive assessments are made in the financial markets. While technical analysts have long applied select hypothesis to predicting price movements, it has not always resulted in solid results. Applicants have developed a computer system and associated algorithm to enhance the outcome by translating price data using a kernal regression, and applying pattern detection to the resulting curvalinear results. A more objectively assessed data set and prediction results from this approach.

The foregoing is both a significant advance and departure from that expressed in the prior art references cited in the Office Action. The primary reference, Black, takes a different approach altogether, and teaches a system that attempts to synthesize both technical data and fundamental data. It is important to recognize that fundamental data involves specifics about

the companies themselves, *e.g.*, profits and sales growth. Black teaches the integration of this disparate data as a method to try to capture the benefits of both analysis techniques. Black is, however, silent on the use of the processing techniques presented by the present invention and claimed herein. In part, the deficiencies of Black are noted in the Office Action; however, Black's approach deviates from applicants' here, by more than just "pattern recognition" as can be gleaned from the comments above.

Perhaps as important, the pattern recognition techniques provided here to price data for predictive pricing output are not supplied or even suggested by the ancillary Waite reference. Please see col. 2, ll. 30-45 (uses include life expectancy and jigsaw puzzle arrangements, among others). Waite's generalized discussions of pattern recognition are so remote from that taught by applicants that no meaningful combination with Black is supported. Accordingly, applicants respectfully traverse the proposed combination as not meeting the standards for *prima facie* obviousness.

Applicants' claim program is a proper recitation of the disclosed invention and is in condition for allowance which is respectfully solicited.

Enclosed herewith is a petition and fee for a two month extension of time within which to respond to the instant Office Action. Please charge any insufficiency in the fee to Deposit Account No. 08-2776.

Respectfully submitted,

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I hereby certify that this correspondence is being deposited with the United States Postal Service on February 18, 2003 as First Class Mail in an envelope addressed to: Commissioner of Patents and Trademarks Office, Washington, D.C.

Rosann Macchio

Marked Up Version of Claims

2. (New) The system of claim 1 wherein real-time price data is inputted from commercial financial data vendors.

3. (New) The system of claim 1 wherein said database means includes means for storing price data taken from end of day trading records.

4. (New) The system of claim 1 wherein said database means includes means for storing trading volume and trade size data.

5. (New) The system of claim 1 further comprising means for testing prediction characteristics, via convergence criteria and adjusting system parameters in response to said criteria.

6. (New) The system of claim 1 further comprising programming to detect broadening tops and broadening bottoms.

7 (New) The system of claim 1 further comprising programming to detect head and shoulders pattern.

8 (New) The system of claim 1 further comprising programming to detect triangle tops and triangle bottoms.

9 (New) The system of claim 1 further comprising programming to detect rectangle tops and rectangle bottoms.

10 (New) The system of claim 1 further comprising programming to detect double tops and double bottoms.

11 (New) A data processing method for developing predictions on future price movements based on historical price data said method comprising the steps of:

a) storing data relating to price at select time intervals;

b) develop a non-linear relationship over discrete time intervals and establishing smooth, curvalinear characteristics for said price data at select intervals;

c) apply pattern recognition techniques to said curvalinear characteristics to detect one or more patterns for said select intervals; and

d) generate a results output based on a recognition of one or more patterns.

12 (New) The method of claim 11 wherein recognized patterns are selected from the group comprising:: head and shoulders, broadening tops and bottoms, triangle tops and bottoms, rectangle tops and bottoms, and double tops and bottoms.

13 (New) The method of claim 1 wherein a kernel regression is used in developing a non-linear relationship and establishing a smooth curvalinear characteristic.

14 (New) The method of claim 1 wherein said relationship is controlled by select parameters that are adjustable based on convergence criteria.